



DEPARTMENT OF HOUSING
CITY OF CHICAGO

FOR IMMEDIATE RELEASE

April 17, 2024

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**CITY'S TO PRESERVE SENIOR HOUSING APARTMENTS THROUGH REFINANCING
MEASURE**

Lincoln Village Senior Apartments will receive a new senior mortgage after the approval of a subordination to the City's junior mortgage, ensuring the sustainability of essential housing for seniors.

The building consists of 102 one and two-bedroom units for vulnerable seniors aged 55 and up. It is affordable to tenants at 60% of the Area Median Income (AMI) or below.

The subordination arrangement enables the refinancing of the primary debt, thereby creating a new first mortgage. The current senior mortgage is held by BMO and has a current principal balance of \$3.7 million in bonds that was secured by the City of Chicago.

The new senior mortgage will total \$4.1 million, which includes the cost to pay off \$3.7 million of the existing first mortgage to BMO, legal fees, and project updates. The existing second mortgage of \$6.3 million in HOME funds remains as the second lien.

Amongst the changes, this transaction will convert from having a variable interest rate to a fixed rate. It's expected that this will improve cash flow and financial certainty, allowing the developer to reinvest in building improvements.

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